Passed
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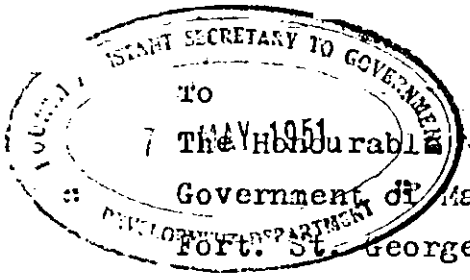
DCW (1957) Dept

Memo. No 50762 MD/51-2

8/16/57

Mill cloth - licensing and distribution
Malpractices Alleged Complaints
from the South Kanara Piecegoods
Merchant association - Remarks
Submitted

THE SOUTHKANARA PIECEGOODS MERCHANTS' ASSOCIATION,
Lighthouse Hill Road,
Mangalore,
Dated 1st May, 1951.



To
The Honourable Minister for Industries,
Government of Madras,
Fort. St. George,
MADRAS.

50762 D1
7.5.51

Sir,

This Association views with great concern the licensing policy in respect of Mill Cloth that is of late being adopted by the local authorities. The Textile Control was introduced by the Government so that there could be equitable distribution of Mill-Cloth at controlled rates. It was the intention of the Government to see that every Wholesaler got 10 bales of Mill Cloth in a month. This quota of 10 bales is itself too low and in some cases it hits hard such of the old daelrs who were doing wholesale business in in Mill Cloth during the basic period. But the Policy adopted in this district appears to be one to increase the number of licences in Mill Cloth in the District indiscriminately and thus make business most uneconomical.

If you call for statistics, you will be surprised to note that in a village like Mulki 2 wholesale dealers have been licenceded and in another village like Nileshwar another wholesale licence is granted. In a small village like Panemangalore a farse of a Wholesale Licence was conducted. In Karkal which is a Taluk Head Quarter a Wholesale Licence was granted but subsequently cancelled. This Association now learn that one Sri.V.R.A.Seniappa-Mudaliar a dealer of the Coimbatore Districts is granted licence to do wholesale mill cloth business at Karkal and he allowed to distribute the cloth from Mangalore with the co-operation of his allied concerns M/s.V.R.A.Manicka Mudaliar & Co. and M/s. Shanmugam Textiles, Mangalore. In short this not only business in absentia but alsso distribution in absentia. We will not be joking if we say that a dry fish merchant and a jeweller unknown to the cloth trade have been granted wholesale mill cloth licences in Kasargod. To swell the number of wholesale licences in Mangalore, tile factory owners, Insurance agents and ex-wine merchants have been granted wholesale licences.

The wholesale dealer at Coondapoor is given double quota to the determint of the dealers in other taluks. Coondapoor is the centre where the minimum consumption of cloth takes place. But the dealer there is given the maximum number of bales. In some cases retail dealers have to come to wholesalers to purchase quotas worth Rs.30/- to Rs.40/- spending over Rs.5/-. Their business is thus made uneconomic by the increase of wholesale licences out of all proportion.

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The interference by the local textile authorities in the matter of distribution by Wholesale Consignees as well as Wholesale Dealers is against the rules on the subject. There are constant changes in the linking list that are given to the Wholesale Dealers. As a result of this some retail dealers do not get their quotas for months together, while some get quotas more than the normal. There is no definite policy with regard to the grant of licences. Though the licences to be renewed last monthx, a majority of licences have not yet been renewed.

All these facts tend to prove the rumour that is set afloat the licensing clerk of the textile office - one Mr.K.L.Iyer is responsible for all this muddle. It is said that he is actually going from dealer to dealer through out the district and indulging in malpractices. Our Association has been receiving various complaints from our member dealers through out the district.in this regard. It is said that this clerk is threatening the dealer that he would get their licences cancelled by the Treasury Deputy-Collector whox is also another Iyer and a relationx of his. The present Textile Control Officer is quite a new man in the Textile-Field and he is not yet able to find out the mysteries of this licensing policy. A detailed inquiry into the change in the licence that stood in the name Mr.M.Sanjeeva Shetty, the wholesale dealer at Puttur will bring to light all the facts with regarding to the malpractices that are adopted in respect of licensing.

This Association now reliably understands that this licensing clerk Mr.Iyer with the remote x object of further increasing the number of wholesale licenses in the district has prevailed upon the Collector through the Treasury Deputy Collector to see that general Mill cloth xxis not alloted to Bunny and Mettur dealers. If this system is brought into force in this district thip will go against all tradition prevailing in this district and ultimately some of th members of this Association would be forced to seek redress in the High Cour of Judicature at Madras by means of a writ of Mundamus Application.

This association therefore feels xx that it is high time that t Government thoroughly investigate into this matter and review the wholex position in its proper perspective. As the Director of Controlled Commodities has not yet visited this District so far, this association would be grateful if he is deputed to inspect the local Textile Office at an early date and set right the matters.

This association while assuring all co-operation hopes that its views would be well appreciated.

Yours faithfully,
For the S.K.Piecegoods Merchants' Assn.

L. B. Teresa
Secretary.

Copies to:

1. The Secretary to Government.
   Development Department,
   Madras.

2. The Director of Controlled

Dev dept 3

Contd

Memo. No: 50762 MI/57-1 dated 15/5/57

Licensing +

Sub: Textile mill clerk - Distributional practices.

Ref: Fm Sri Sant Kanara Piecegoods Merchants Association dt 1.5.57

~~The~~ A copy of the petition cited is forwarded to the Collector of S. Kanara. He is requested to make a detailed + Confidential enquiries on the various allegations contained in the representation and submit a report to Govt this Dept before 25/6/57. The enquiry should not go beyond this.

AS 12/5/57 (Dy 12.5.57)

(Sd) 14/5/57

(Sd) 15/5

To the Collector of S. Kanara (with enclosure)

R.D. 12/6/57

NOTE:

Pl see the ref fm Sri Sant Kanara Piecegoods Merchants Association. The allegations are serious. The Collector may be requested to make a full enquiry & submit to Govt. Draft above is for approval

AS 12/5/57 (Dy 12.5.57)

(Chan 12/5/57)

(Sd) 14/5/57

(Sd) D.S. 15/5

No.L.Dis.30110/51.

Office of the
Director of Controlled Commodities,
Mount Road, Madras dt. 2·-6-51.

From

Sri P.S. Viswanatha Iyer, I.C.S.,
Director of Controlled Commodities.

To

The Secretary to Government, Development Department,
Fort St. George, Madras.

THIRD ASST. SECRETARY TO GOVERNMENT
8 JUN 1951
DEVELOPMENT DEPARTMENT

Subject: Mill cloth.- Licensing and distribution- Mal-practices-alleged complaint.

Ref: L.No.322/50(confidential) dated 10.·.51 from the Collector, South Kanara.

I enclose the letter cited above from the Collector, South Kanara in original. The Government letter referred to therein does not appear to have been received in this office. Presumably the Government have called for the report of the Collector direct in the matter.

Encl: 8 Pages.

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27/6

For Director of Controlled Commodities.

27/6

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28/6/51

DIRECTOR OF CONTROLLED COMMODITIES
14 JUN
MADRAS
OFFICE OF

69118/57

CONFIDENTIAL:
L.Dis.15522/50. (Textile)

Collector's Office,
Mangalore, dated:10.6.1951.

From

Sri. A. R. Rajaratnam, B.A.,
Collector, South Kanara,
MANGALORE.

To

The Secretary to the Governm
of Madras, Development De
artment , MADRAS.

DIRECTOR OF CONTROLLED COMMODITIES
14 JUN 1951
MADRAS

Through:

The Director of Controlled
Commodities, Mount Road,
MADRAS.

Sir,

TEXTILES: Mill cloth - Licensing and distribution - Malpracti
Alleged complaint from the South Kanara Piecegoods
Merchants' Association - Remarks submitted.

From the Government, Development Department, Memo No.50762.ml/
dated:15.5.1951.

...

I enclose the petition received with the Government Memo cited above and the statement of the Secretary, South Kanara Piece Goods Merchant's Association recorded by me. The petition is a pseudonymous one. The Secretary denies the authorship of the petition. The signature found in it is not his. He signs his name as L. B. Periera, whereas it is signed as L. B. Fererai I suspect that a disgruntled subordinate who had worked as a clerk in the Textile Section in my office formerly and whom I removed from that section recently on administrative grounds, in collaboration with some disgruntled elements in cloth trade having some grievances or other against the Textile Administration on account of their failure to obtain some unmerite favour, submitted this petition with no other object than slinging mud. They must have submitted the petition in the name of the Association, perhaps with the idea that it would not otherwise receive the attention of Government. I deal with the allegati ions serially below.

PARA I. It is not true that wholesale licenses were issued indiscriminately. As many as 990 retail licenses were issued in this district, of which 760 are in force now. There are 42 wholesale licences (holding quota) including two licences issued in the course of the last month for unrepresented areas. One of the wholesale licenses is earmarked exclusively for supply to four refugee retailers. The remaining 756 retail licences are linked up to 41 wholesale licenses. The average number of retailers for every wholesaler is between 18 and 19. This is in consonance with the prescribed scale of one wholesaler for about 20 retailers. If and when the proposals in my report Ref.5486-51-T4 (Tex) dated:30.4.51 submitted to the Government through the Director of Controlled Commodities, for prohibiting the wholesalers dealing in B & C. Mill cloth from handling other mill cloth are approved, the number of wholesalers available for general mill cloth will be further reduced, and the number of retailers to be linked up to each wholesaler will be not less than 20.

No-where is it said that it is the intention of Government to see that every wholesaler gets 10 bales a month. What the Director of Controlled Commodities said in his RC.C1-15711-50, dated:17.5.50 was that the wholesale consignees should distribute.

cloth to the wholesale dealers subject to the maximum (not minimum) of 10 bales to a dealer. Formerly when the district was getting its normal quota, each wholesaler used to get about 10 bales a month. Now when the district quota is reduced on account of cloth scarcity, the wholesaler's quota is also proportionately less. This appears to be the prevailing condition everywhere in this state.

PARA 2. Mulki is a fairly big town with an adequate number of retailers in and around it to justify the existence of two wholesalers. Hence two wholesalers were appointed for ~~Panemangalore was appointed as an~~ the convenience of the retailers. A wholesaler for Panemangalore was appointed as ~~and when~~ considered necessary to serve the retailers in the surrounding area. The licences of the wholesalers at Panemangalore and Karkal were cancelled, as they failed to lift the quotas regularly. As no cloth dealer came forward to take up a wholesale license at Karkal and as a wholesale licensee was was quite necessary at Karkal, Sri. ~~Sanjiva~~ Mudaliar, a yarn dealer of Mangalore who applied and undertook to open a shop at Karkal was given a wholesale license for Karkal, in April last. It is not true that he was allowed to carry on business at Mangalore. His request to allow to him to carry on business at Mangalore has been negatived by me.

In Kasaragod taluk there are 217 retail dealers, for whom there are only 8 wholesalers. This number is inadequate. Out of the eight, it is possible that one or two are doing some other business like fish trade or jewellery. There is not a single instance where the application of a cloth dealer for wholesale license was rejected. Sometimes willing and competent outsiders had to be selected for wholesale trade when those in the cloth trade did not come forward to take up this business. This is the case with the wholesalers in Mangalore also. No new licences were however granted after 30.6.50 as Mangalore was over-represented in cloth wholesale trade and all applications received after that date were rejected.

PARA 3. Coondapur taluk is the northernmost part of the District. There is only one wholesaler there. Attempts to licence one more have not been successful. 39 retailers have been linked up to the one wholesale dealer there as it is difficult for most of the retailers of that taluk to get supplies from elsewhere. The number of retailers linked up to the wholesaler at Coondapur is twice the number linked up to any other wholesaler. Hence in order that the retailers of Coondapur may get as much quota as the retailers in the rest of the District, the wholesaler of Coondapur is given double the quota given to any other wholesaler in the district. I am continuing my efforts to secure an additional wholesaler for Coondapur and when I ~~receive~~ succeed this disparity will disappear.

PARA 4. I am not aware of any interferance by the Textile authorities in the matter of distribution of wholesale consignees or wholesale dealers. No concrete instance of such interference has been mentioned in the petition. Changes in the linking list are made whenever a new wholesale dealer is appointed or whenever an old dealer is removed. Such changes are inevitable. Such changes could not have caused any delay or stoppage of supplies, and no such cases have been reported.

The work of renewal of licences was voluminious. It was taken up taluk by taluk and completed now.

Para 5. The allegation against the clerk are baseless. No specific instance of mis conduct has been reported. I have looked into the papers relating to the change in the licence of Sri. Sanjiva Shetty of Puttur and I find that there has been no malpractice or fraud in it.

p.t.o.

PARA 6. I invite attention to my report Ref.5436/51.T4 dated:30.4.1951 submitted to the Government through the Director of Controlled Commodities in which I had proposed that the wholesalers dealing in B & C and ~~cotton~~ Mutton cloth might be prohibited from handling other mill cloth. In that report I have given full reasons for the proposals made by me. The clerk ~~was~~ had ~~asked to~~ nothing to do with it.

Yours faithfully,

11/6/51

v.11.6.

Collector.S.K.

11.6

THE SOUTHKANARA PIECEGOODS MERCHANTS' ASSOCIATION,
Lighthouse Hill Road,
Mangalore,
Dated 1st May, 1951.

FOURTH ASSISTANT SECRETARY TO GOVERNMENT DEVELOPMENT DEPARTMENT
12 MAY 1951

53126

MINISTER FOR INDUSTRIES
7 MAY 1951
GOVERNMENT OF MADRAS

To.

The Honourable Minister for Industries,
Government of Madras,
Fort. St. George,
MADRAS.

Sir,

This Association views with great concern the licensing policy in respect of Mill Cloth that is of late being adopted by the local authorities. The Textile Control was introduced by the Government so that there could be equitable distribution of Mill-Cloth at controlled rates. It was the intention of the Government to see that every Wholesaler got 10 bales of Mill Cloth in a month. This quota of 10 bales is itself too low and in some cases it hits hard such of the old daelrs who were doing wholesale business in Mill Cloth during the basis period. But the Policy adopted in this district appears to be one to increase the number of licences in Mill Cloth in the District indiscriminately and thus make business most uneconomical.

2/- If you call for statistics, you will be surprised to note that in a village like Mulki 2 wholesale dealers have been licenceded and in another village like Nileshwar another wholesale licence is granted. In a small village like Panemangalore a farse of a Wholesale Licence was conducted. In Karkal which is a Taluk Head Quarter a Wholesale Licence was granted but subsequently cancelled. This Association now learn that one Sri.V.R.A.Seniappa-Mudaliar a dealer of the Coimbatore District is granted licence to do wholesale mill cloth business at Karkal and he allowed to distribute the cloth from Mangalore with the co-operation of his allied concerns M/s.V.R.A.Manicka Mudaliar & Co. and M/s. Shanmugam Textiles Mangalore. In short this not only business in absentia but also distribution in absentia. We will not be joking if we say that a dry fish merchant and a jeweller unknown to the cloth trade have been granted wholesale mill cloth licences in Kasargod. To swell the number of wholesale licences in Mangalore, tile factory owners, Insurance agents and ex-wine merchants have been granted wholesale licences.

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12

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All these facts tend to prove the rumour that is set afloot the licensing clerk of the textile office - one Mr.K.L.Iyer is responsible for all this muddle. It is said that he is actually going from dealer to dealer through out the district and induling in malpractices. Our Association has been receiving various complaints from our member dealers through out the district.in this regard. It is said that this clerk is threatening the dealer that he would get their licences cancelled by the Treasury Deputy-Collector who is also another Iyer and a relation of his. The present Textile Control Officer is quite a new man in the Textile-Field and he is not yet able to find out the mysteries of this licensing policy. A detailed inquiry into the change in the licence that stood in the name Mr.M.Sanjeeva Shetty, the wholesale dealer at Puttur will bring to light all the facts with regarding to the malpractices that are adopted in respect of licensing.

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This association therefore feels that it is high time that t Government thoroughly investigate into this matter and review the whole position in its proper perspective. As the Director of - Controlled Commodities has not yet visited this District so far, this association would be grateful if he is deputed to inspect the local Textile Office at an early date and set right the matters.

This association while assuring all co-operation hopes that its views would be well appreciated.

Yours faithfully,
— For the S.K.Piecegoods Merchants' Assn

L. B. Teresa
Secretary.

13

Statement of Sri L.B Pereira, the Secretary of the Sarthi Kamara Piecegoods Merchant's Association:

The signature shown to me in the petition is mine. I am L. B. Pereira and not L.B. Ferera. I have three typewriters in my office, and the petition shown to me has not been typed in any one of those machines. We never write any letters on paper other than the one with the formulae letter heads of the Association.

31/5/1951

Hon. Secretary
The S.K. Pieceg. Merchants Assn.

Before me
31.5.51
Collector S.K

15/ Dev Depts

Confidential

Memo no. 50762 MI/52.2 dated 16/9/57

Sub: Textiles - mill cloth - South Kanara - Licensing and distribution - Alleged malpractices.

Ref: From the South Kanara Piecegoods Merchants Association dt 1.5.57

From the Collector of S. Kanara L.Dis.13322/50 (Textile) dt 10.6.57

From the DCC. L.Dis. 69118/57 dt 26.6.57

The Collector of S. Kanara is requested to change the licence clerk and to appoint another wholesale dealer to Coondapur.

16/9/57

D.O. the Collector of S. Kanara, dated 14/9/57

AS 14/9/57

1679

Copy to the DCC

(CRO 50762 Di/57)

Dev MI Dept

Sub: Textiles - mill cloth South Kanara Dt. - licensing and distribution - Alleged malpractices -

Ref: 1. 2 cr From the South Kanara Piecegoods Merchants Association dt 1.5.57

3 to 9 cr From the D.C.C. CDs. 69118/57 dt 26.6.57

To AS

1 cr The current file may be perused

2 to 13 cr The Collector of S. Kanara has reported that the petition purported to have been sent by the South Kanara Piecegoods merchants Association is a pseudonimous one. He has stated that the Secretary of the Association denies the authorship of the petition and that the signature found in it was not his. The Collector has dealt with the allegations seriatum. —

Para 1. He has stated that it is not true that wholsale licences were issued indiscriminately. There are 760 retailers for the district and there are only 42 wholesalers and the number of retailers to be linked up to each wholesaler will not be less than 20. The Collector has stated that formerly each wholsaler used to get coals a mark but on account of scarcity, the wholsalers quota was reduced proportionately which condition prevails everywhere in the State. The choice before is likely to improve and the wholesalers are only getting larger no. of bags soon. No other appeal is called for.

Para 2: Issue of licence to M/s V.R.A. Seriappa Mudaliar at Karkal Conducting business from Mangalore:

The Collector has reported that Mulki is a fairly big town to justify the appointment of two wholsalers there

8 cr

that the licences of the wholesalers at Karkal was cancelled as they failed to lift bales and no cloth dealer came forward to take up a wholesale licence at Karkal. Sri Seriappa Mudaliar, a yarn dealer of Mangalore undertook to open a shop at Karkal and he was granted the licence but his request to allow him to carry on business from Mangalore was negatived by him. The Collector states that this allegation is also not true. No action appears called for.

Para 3. Double quota to wholesaler at Coondapoor. The Collector states that there are 39 retailers and only one wholesaler. In order to supply these 39 retailers, the quota of the wholesaler is naturally double. His attempt to appoint a second wholesaler has not been successful and that if a second wholesaler is appointed his dispatch would disappear. The latter may be asked to appoint a second wholesaler ← or to have the retailers to withdraw outside Coondapoor for dispatch.

Para 4 Interference of Textile authorities in the matter of distribution of wholesale business. The Collector has stated that no concrete instance has been given and the allegation is not true

Para 5: Allegation against Sri K. L. Iyer. Textile office clerk: The Collector has stated that the allegation against the clerk are baseless. The Collector is satisfied that there has been no malpractice or fraud in the papers relating to the change in the licence of Sri Sanjiva Shetty & Patlers. Sri Iyer may be asked to show cause why the clerk in the year. to 2 cl

Para 6. Restricting B to dealers for dealing in general mill cloth. The Govt's policy is that there need be no change

50762
37
1951

no change now and / they may be allowed
to deal with milk also. The Collector
has stated that the Milk Supply Officer
has nothing to do with the proposal suggested
by the Collector. Orders passed at A on p 2 above
~~do not apply here.~~ ~~In the circumstances stated by the~~
~~Collector, it is for orders whether the~~
~~papers may be lodged.~~ The D.C.C.
while forwarding the Collectors report,
has not offered any remarks.

AS 4.7.51 478

DS. 5/51

Hon Min

The Collector may be asked
(1) Change the licensee clerk
(2) appoint another Whole Sale
Coondoform.
No other action appears called for

9/7 Hon (Retd)

SECRETARY TO GOVERNMENT
12 JUL 1951
DEVELOPMENT DEPARTMENT

DEPUTY SECRETARY TO GOVERNMENT
12 1951
DEVELOPMENT DEPARTMENT

To A.S.

A draft Memo is submitted

AS 14.7.51 1478

16/7

Issued as Memo no 50762 M1/51-2
dt 16.7.51)